

§ 723.11

- (d) Loan-to-value ratio requirements for business loans under § 723.7(a);
- (e) Requirement for personal liability and guarantee under § 723.7(b);
- (f) Maximum unsecured business loans to one member or group of associated members under § 723.7(c)(2);
- (g) Maximum aggregate unsecured member business loan limit under § 723.7(c)(3); and
- (h) Maximum aggregate outstanding member business loan balance to any one member or group of associated members under § 723.8.

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§ 723.11 How do you obtain a waiver?

To obtain a waiver, a federal credit union must submit a request to the Regional Director (a corporate federal credit union submits the waiver request to the Director of the Office of Corporate Credit Unions). A state chartered federally insured credit union must submit the request to its state supervisory authority. If the state supervisory authority approves the request, the state regulator will forward the request to the Regional Director (or if appropriate the Director of the Office of Corporate Credit Unions). A waiver is not effective until it is approved by the Regional Director (or in the case of a corporate federal credit union the Director of the Office of Corporate Credit Unions). The waiver request must contain the following:

- (a) A copy of your business lending policy;
- (b) The higher limit sought (if applicable);
- (c) An explanation of the need to raise the limit (if applicable);
- (d) Documentation supporting your ability to manage this activity; and
- (e) An analysis of the credit union's prior experience making member business loans, including as a minimum:
 - (1) The history of loan losses and loan delinquency;
 - (2) Volume and cyclical or seasonal patterns;
 - (3) Diversification;
 - (4) Concentrations of credit to one borrower or group of associated borrowers in excess of 15% of net worth;
 - (5) Underwriting standards and practices;

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- (6) Types of loans grouped by purpose and collateral; and
- (7) The qualifications of personnel responsible for underwriting and administering member business loans.

§ 723.12 What will NCUA do with my waiver request?

Your Regional Director (or the Director of the Office of Corporate Credit Unions) will:

- (a) Review the information you provided in your request;
- (b) Evaluate the level of risk to your credit union;
- (c) Consider your credit union's historical CAMEL composite and component ratings when evaluating your request; and
- (d) Notify you whenever your waiver request is deemed complete. Notify you of the action taken within 45 calendar days of receiving a complete request from the federal credit union or the state supervisory authority. If you do not receive notification within 45 calendar days of the date the complete request was received by the regional office, the credit union may assume approval of the waiver request.

§ 723.13 What options are available if the NCUA Regional Director denies my waiver request, or a portion of it?

You may appeal the Regional Director's (or the Director of the Office of Corporate Credit Unions) decision in writing to the NCUA Board. Your appeal must include all information requested in § 723.11 and why you disagree with your Regional Director's (or the Office of Corporate Credit Union Director's) decision.

§§ 723.14–723.15 [Reserved]

§ 723.16 What is the aggregate member business loan limit for a credit union?

- (a) *General.* The aggregate limit on a credit union's net member business loan balances is the lesser of 1.75 times the credit union's net worth or 12.25% of the credit union's total assets. Net worth is all of the credit union's retained earnings. Retained earnings normally includes undivided earnings, regular reserves and any other appropriations designated by management or